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C O N F I D E N T I A L SECTION 01 OF 03 SANTIAGO 000883

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SUBJECT: Chile's Presidential Race: Political Elite See Isolated
Frei, Poll-Tested Pinera, and Inexpert Enriquez-Ominami

REF: SANTIAGO 877; SANTIAGO 881

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CLASSIFIED BY: Paul Simons, Ambassador, State Department, U.S.
Embassy; REASON: 1.4(B)

¶1. (C) Summary: Well-connected politicians and observers describe President Bachelet and some Concertacion congressional candidates as maintaining a distance from Eduardo Frei's lagging presidential campaign. Opposition candidate Sebastian Pinera is reportedly testing his talking points against polls and focus groups, leading to some populist elements and a few sour notes. Meanwhile, upstart challenger Marco Enriquez-Ominami has a good grasp of domestic political and economic issues, but is largely unfamiliar with foreign policy and looking for guidance. End Summary.

Frei's Isolation: Bachelet and Congressional Candidates Not
Smiling for the Camera

¶2. (C) As Frei's campaign falters, several prominent progressive leaders and pundits have shared their fairly pessimistic assessments with the Ambassador. Many--including former Foreign Minister Juan Gabriel Valdes and center-left pollster Marta Lagos--predict that Frei will limp into the second round. Lagos played down the recent polls suggesting a neck and neck race between Frei and Marco Enriquez-Ominami (ref A), saying that those polls only measure urban areas where Enriquez-Ominami has his strongest support. She lamented the right wing bias of the major print media, but then said it doesn't make much difference because "they are only read by the Santiago elites."

¶3. (C) Several observers commented on the lukewarm support that President Bachelet is extending to Frei. Former Foreign Minister Juan Gabriel Valdes told the Ambassador that Bachelet is not really doing much to support the Concertacion candidate. Valdes believes that Bachelet has given up on Frei. Bachelet herself even commented to the Ambassador during a dinner in September that her coattails were hard to catch. Visiting UCLA economics professor Sebastian Edwards believes that Bachelet's reluctance to more actively campaign for Frei comes from her lingering resentment over lack of support from some Concertacion factions in the past. She feels that the Ricardo Lagos/Jose Miguel Insulza crowd treated her poorly during the early stages of her presidential bid. In addition, many traditional Concertacion figures gave up on her in 2007-8 when she was polling in the 40s and had a hard time

establishing a coherent governing structure. In Edwards' estimation, these perceived slights explain why she is not all that enthusiastic to join up with the "old boy" network to push the Frei candidacy. (Note: In the days since this conversation, some figures close to Bachelet--her mother, Angela Jeria, and her Women's Affairs Minister, Laura Albornoz--have announced their intention to join the Frei campaign. But these recent steps were only taken when polls showed Frei and Enriquez-Ominami neck and neck to get into the second round. End Note.)

14. (C) Sensing failure, some other Concertacion politicians are distancing themselves from their presidential candidate. Christian Democrat party president Juan Carlos la Torre said that many Concertacion candidates don't want to pose with Frei in their advertisements--an expected practice in Chile. In addition, many traditional Concertacion voters in his district plan to split their tickets for first time ever--supporting la Torre for Congress but Pinera for President.

Pinera Using Polls and Focus Groups as His Guide

15. (C) Pinera is clearly the man to beat in this year's presidential elections, and at least one of his supporters says that the front-runner is not leaving anything to chance. Senator Francisco Flores, a former Concertacionista who is now backing

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Pinera, told the Ambassador over lunch last week that Pinera is unlikely to make any major mistakes between now and the first round, because all his talking points are "poll- and focus-group tested." Pinera, he said, is running an extremely disciplined campaign, with many populist touches including the new 40,000 peso (USD 75) bonus for poor families, and a new round of bank-bashing for anti-competitive behavior. (Note and Comment: Flores also made the somewhat self-serving assertion that his own presence at Pinera events is extremely important to show that Pinera does not represent the old dictatorship crowd. Flores served as Minister in two different positions under Socialist President Salvador Allende. End Note and Comment.)

Enriquez-Ominami: Limited Grasp of Foreign Policy

16. (C) Economics professor Edwards believes that upstart candidate Marco Enriquez-Ominami is likely to make it to the second round of voting but is poorly prepared to play a major political role, particularly in the area of foreign policy. After a recent dinner with Enriquez-Ominami, Edwards told the Ambassador that the leftist candidate has reasonable domestic economic and political views, but little grasp of foreign policy. Max Marambio, a central figure in Enriquez-Ominami's campaign, has longstanding ties to Cuba, and Edwards believes that Marambio's guidance may be behind Enriquez-Ominami's sympathy for Chavez. Enriquez-Ominami seems open to influence, however, as he was keenly interested in Edwards' views of global and regional issues. Edwards described Enriquez-Ominami as "flying totally blind" in the campaign and in need of serious mentoring. This view was confirmed by other U.S. academics who have met with Enriquez-Ominami.

17. (C) Speculating about how the election might play out, Edwards opined that Concertacion heavyweights including OAS Secretary

General Jose Miguel Insulza are likely to provide strong support to Enriquez-Ominami if he makes it to the January runoff election. If Enriquez-Ominami is defeated in the first round, Edwards believes that he will "set his voters free" and not endorse either Pinera or Frei. Regardless of the outcome of the December first round, Edwards expects Pinera to emerge as the victor in January.

What's Next for "Santa Michelle"?

18. (C) Many Concertacion insiders have low expectations for their coalition's success in this year's elections and are already beginning to pin their hopes on a Bachelet presidential candidacy in 2013. Valdes believes that "Santa Michelle" will teach at an American university for a year after completing her presidential term, then return to Chile to lead a revitalized Concertacion to victory in 2013.

Comment

19. (C) Remarks from these well-connected politicians echo many of the sentiments of Frei and Pinera campaign staff: reduced expectations for Frei, a preoccupation with Enriquez-Ominami, and a sense that Pinera is running an excellent campaign with a good chance of success (Ref B). Insights about Concertacion frustration with Frei and divisions within the Concertacion coalition only add to the problems within his campaign. At this time, the story is clearly that the Frei campaign is in deep trouble, prompting an almost desperate search for Bachelet "coattails" on the part of the Frei machine. However, it remains to be seen if this develops into an insurmountable problem, or whether one of the multiple efforts by the Frei campaign to reinvent itself or trip up Pinera will

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eventually generate success. End Comment.
SIMONS